

1 A Absolutely.

2 Q All right. And so now the others are going to
3 receive them also?

4 A They started receiving them from that point
5 forward.

6 Q Would you please turn to the next page?

7 A I want you to take a look -- just read to yourself
8 the third paragraph.

9 (Witness reads document.)

10 A Okay.

11 Q Now, is it fair to infer from reading this third
12 paragraph that prior to the referenced meeting loans had not
13 been approved by the members of Hicks Broadcasting of
14 Indiana LLC?

15 A First of all, I'd like to tell you that there is
16 no approval that was really necessary. I mean, there is --
17 this meeting that Dave started holding and occasionally
18 visiting the requirement by the operating agreement. He
19 just felt that it was time to be a little more formal, and
20 he could tell you this better, but get the kids involved
21 more and that -- so this is an attempt to have something
22 that would be referred to as a more directors meeting, but
23 it's really not -- shareholder meetings, excuse me. But
24 this meeting isn't required, nor is the loan's approval
25 required, but that was on his agenda, and therefore it was

1 an item that he wanted to accomplish, get accomplished.

2 Q Now, I want to direct your attention to the second
3 to the last bullet that appears on the bottom of page 4.

4 Would you just read that to yourself?

5 (Witness reads document.)

6 A Okay.

7 Q When it mentions the WRBR vehicles, is it fair to
8 infer that those would be those that we had been looking at
9 in terms of what is covered by the insurance, the Mazda and
10 the Grand Cherokee?

11 A No, I don't think so, that's my point.

12 Q What vehicles are being referred to here then?

13 A I'm not sure. It's some kind of programming
14 vehicle, but I don't recall what it is. This was 19 --

15 Q This was the end of 1996.

16 A 1996. I can't remember, Jim, what he's referring
17 to there exactly. I think it would have been the -- those
18 two vehicles, because those are personal -- I mean, those
19 are vehicles that are being operated personally by those
20 individuals for business, and they maintained those vehicles
21 and do an adequate job.

22 This very well may have been the -- it may have
23 been the van that was shared and operated by them. I'm sure
24 he's referring to something, to a vehicle that is being
25 operated by the programming. It's a pool-type vehicle, not

1 where one person is responsible for the maintenance on it,
2 and I don't know exactly what it is.

3 Q Now, if you would read to yourself the last
4 bullet.

5 (Witness reviews document.)

6 A Yes.

7 Q Now, is it fair to infer from reading this that
8 previously no review of the 1996 capital expenditures had
9 occurred with the members of Hicks Broadcasting of Indiana
10 LLC?

11 A Not all the members. Dave Hicks had approved
12 them, each and every one before they were sent, before
13 anyone would have been sent.

14 It's common to put those kind of things in a
15 shareholders or members meeting, kind of after the fact.
16 It's not an uncommon thing to do.

17 Q Now, if you could just read to yourself the middle
18 paragraph on page 5 where it begins, "The 1997 operating
19 budget was then discussed." If you would just read that to
20 yourself.

21 (Witness reads document.)

22 A Okay.

23 Q For whose benefit were you discussing how the
24 Joint Sales Agreement had worked in the past?

25 A For whose benefit?

1 For the benefit of the other members that had
2 not -- the minority members. They didn't know exactly how
3 it worked.

4 Q Did they know that the stations had been sold
5 separately and by separate sales staffs?

6 A You mean did -- you mean -- yeah, yeah, I'm sure
7 he did. I mean, I haven't had any discussions with him on
8 that -- on that subject until probably then, but I'm sure he
9 knew, yes. I mean, he was -- he was in contact with Steve
10 all the time. He was at the station a lot, and he could not
11 have not known.

12 Q Now, this is December 23, 1996, and it says that
13 you then gave -- you, being Bob, then gave a draft of an
14 amendment to the Joint Sales Agreement to David Hicks.

15 Was that the -- were there any other drafts or was
16 that the only draft amendment to the Joint Sales Agreement
17 that you prepared?

18 A I don't recall, Mr. Shook. I would have thought
19 there would have been a draft before that myself but -- I
20 mean, before this -- before this meeting, Dave was -- this
21 was not the first time that he was aware of that subject
22 matter. He and I would have talked about it way before
23 this.

24 Q That the Joint Sales Agreement was going to be
25 amended?

1 A The need for the amendment, yet.

2 Q The need for the amendment.

3 A Not to mention that Joint Sales Agreement was
4 ended, I think it ended on December 22nd.

5 Q Well, if I recall from the Joint Sales Agreement,
6 it went for a term of five years beginning December of '92,
7 and we're up to December 96.

8 A Okay.

9 Q So four years.

10 A So maybe it didn't. I thought it did.

11 Q And you're saying that you and he had discussed
12 the need for it beforehand?

13 A Yes. Yeah, we talked about a lot about this
14 amendment and whether -- yes. It didn't make sense to
15 split, continue splitting.

16 Q Do you know who prepared the minutes?

17 A I prepared the minutes at Dave's request. I took
18 them -- I mean, I took notes during the meeting at Dave's
19 request.

20 Q And was this the first such members meeting
21 following Hicks Broadcasting of Indiana LLC's acquisition of
22 WRBR?

23 A I believe it was.

24 Q Now, is it fair to infer that this meeting would
25 not have occurred but for the filing of the informal

1 objection?

2 A I don't know that it would never have occurred,
3 but I do think that that probably gave it a push.

4 Q Now, if you could please turn to pages 8 and 9;
5 nine is the one that comes from the standpoint of
6 chronology.

7 Now, who decided to declare dividends?

8 A Let me just look at this. I mean, Dave would have
9 decided to pay dividends, but it would have been after
10 talking to him. Okay, this is upon recommendation from
11 McGladrey and Pullen, Hicks' tax accountant, that his advice
12 was to pay these dividend distributions to the members, so
13 that the respective members could then make their --
14 whatever tax payments they needed to make, because this was
15 based upon their proportional share of income of Hicks
16 Broadcasting.

17 Q As I understand your testimony, that that tax
18 liability was due regardless of whether funds were actually
19 distributed to them or not because of what was reflected on
20 the books.

21 A That's correct, but that's -- again, that's why
22 the distribution is made is any time an income of an entity
23 flows through to the member or the shareholder, providing
24 the entity can, they -- that entity makes a distribution, so
25 that that individual can then make his respective tax

1 payments to IRS.

2 Q Okay, turning to pages 10 and 11.

3 A Okay.

4 Q Did you attend the meeting as indicated?

5 A Yes, I did.

6 Q Do you know who mailed the notice of the meeting?

7 A I don't know. I'm sure Dave -- Dave did, I guess.

8 I don't -- I've never mailed a notice of the meetings.

9 Q Do you know who prepared the agenda?

10 A I presume Dave did. I mean, I did not so
11 presumably he did. There is only one occasion that I -- he
12 asked for any suggestions on the agenda, and it's the first
13 one, in '96, that I gave him some suggestions, like the
14 capital expenditures and that kind of thing. He even
15 prepared the agenda and got it out to the members. I've
16 never prepared any -- even suggestions other than that one,
17 so I've got to believe he did.

18 Q And who prepared the minutes?

19 A I did at Dave's request.

20 Q Would you tell me what pages 12 through 17
21 represent?

22 A This represents a proposal from old Kent Bank to
23 Dave Hicks for -- well, no, this wasn't a proposal. This
24 was actually the old Kent Bank's commitment to loan Hicks
25 Broadcasting -- to make a line of credit basically to them,

1 and this is their commitment to Hicks Broadcasting for that
2 purpose.

3 Q The rational for seeking and drawing on this
4 commitment had to do with paying off the loan payment to
5 Booth?

6 A That's correct. There was a \$240,000 payment that
7 was due by January 1, 19 -- January 1, 1997.

8 Q Turning to pages 18 and 92.

9 A Okay.

10 Q Is what we're looking at here a distribution to
11 the members in order to allow them to pay the tax liability
12 that's due?

13 A That's correct.

14 Q Would you turn to page 20 through 24?

15 A Okay.

16 Q Did you attend the meeting as indicated?

17 A Yes.

18 Q Do you know who mailed the notice of the meeting?

19 A I'm sure Dave did. I didn't.

20 Q Do you know who prepared the agenda?

21 A I'm sure Dave did.

22 Q And who mailed the agenda to the members?

23 A It would have been Dave.

24 MR. SHOOK: Your Honor, the Bureau offers Exhibit
25 100.

1 JUDGE CHACHKIN: Any objection?

2 MR. WERNER: Your Honor, I believe this exhibit
3 has already been admitted at Pathfinder's request as
4 Pathfinder Exhibit 1?

5 JUDGE CHACHKIN: That has been received.

6 MR. SHOOK: Excuse me.

7 BY MR. SHOOK:

8 Q Mr. Watson, could you please turn to Exhibit 99?

9 A All right.

10 Q If you could briefly look it over, pages 1 through
11 6, to familiarize yourself with the document.

12 (Witness reviews document.)

13 A Okay.

14 Q Now, first of all, with respect to page 2, is that
15 your signature there?

16 A Yes.

17 Q Now, could you tell us how it came about that a
18 Broadcast Equal Opportunity Program Report was prepared for
19 the three stations listed on page 1, WTRC, WBYT and WRBR?

20 A Well, I can't tell you exactly how it came about,
21 no, other than it was -- it was an error that was later
22 corrected, and should have been corrected before it was ever
23 filed because the attorney that reviewed these knew that was
24 an error before it was ever filed, and subsequently -- and
25 for some reason it got filed incorrectly. I only know the

1 story behind that. I don't know how it was necessarily
2 prepared.

3 Q Well, now, I take it, though, when you signed it
4 on March 21, 1996, as reflected on page 2, that you had
5 every reason to believe this was correct?

6 A I didn't look at it that closely. I was signing
7 the document that had to be signed by an officer of
8 Pathfinder, thinking that it was representative of
9 Pathfinder, WTRC and WDYT. I didn't see that nor did I --
10 had I saw it, like I did when we were producing documents,
11 when we were producing documents, I went and looked, I asked
12 for this report, I saw that, and immediately said something
13 is wrong here. This isn't right.

14 I then called Alan Campbell and said, told him
15 what I had in my hand and said, "What happened here?" And
16 he said, "Well," and he proceeded to tell me the story that
17 that should have -- that got filed incorrectly. It never
18 should have been filed that way. He knew about it
19 beforehand and, in fact, had issued a letter to Dave Hicks
20 and Dave Hayes, who helped prepare this, and indicated that
21 that was wrong, and still the thing got filed incorrectly.
22 But a correct was made in, I believe, June or July 1996.

23 I also do think that -- I don't know how it got on
24 there. I can't speak for them.

25 Q But in terms of how the stations actually operated

1 though, doesn't this -- aside from the legal aspect --

2 A The actual program?

3 Q Right.

4 A The actual EEO program itself?

5 Q Right.

6 A I believe they would be very close, if not the
7 same.

8 Q Well, we're talking about --

9 A Because they are co-located. There are a lot of
10 shared staff. They go to the same sources for employment.

11 Q And they all have the same general manager.

12 A So it would not surprise me that the 396 for WRBR
13 is very similar, if not the same. But this was not meant to
14 be RBR's, and I'm sure it was corrected.

15 Q Along those lines, if you'd look at pages 7
16 through 11, and just familiarize yourself with those.

17 A Okay, this is the -- well, seven would be the
18 letter that I recall seeing that he -- where he corrected it
19 and transmitted the correction.

20 Q And that correct is what appears basically on page
21 8 through 11?

22 A Yes, and nine is Dave's signature amending that
23 application, and I would say yes, that's correct.

24 MR. SHOOK: Your Honor, the Bureau offers Exhibit
25 99.

1 JUDGE CHACHKIN: Any objection?

2 MR. WERNER: No objection.

3 MR. JOHNSON: None, Your Honor.

4 JUDGE CHACHKIN: 109 is received.

5 MR. SHOOK: Nine-nine, Your Honor.

6 JUDGE CHACHKIN: I mean, 99 is received.

7 (The document referred to,
8 having been previously marked
9 for identification as MMB
10 Exhibit No. 99, was received
11 into evidence.)

12 JUDGE CHACHKIN: Mr. Watson, how did it come about
13 that you signed Hicks Broadcasting Company --

14 THE WITNESS: Well, excuse me, sir. I really
15 thought I was signing Pathfinder Communication Corporation.
16 This document should not have made any reference whatsoever
17 to Hicks Broadcasting on it. That was the error. I mean,
18 it was put in front of me and I didn't look closely at it,
19 but it shouldn't have been done that way.

20 I mean, it had that totally been off there, I
21 think the document would have probably been okay.

22 JUDGE CHACHKIN: Go ahead, Mr. Shook.

23 BY MR. SHOOK:

24 Q Mr. Watson, could you please turn to Exhibit 119?

25 A Okay.

1 Q First of all, could you tell us what this document
2 represents?

3 A Okay, if I can look at it here.

4 This appears to be the EEO report, not the 395
5 report, distinguish between those two, the report that's
6 filed with the FCC, but an EEO report for Pathfinder
7 Communications Corporation for on or around September 29,
8 1994.

9 Q And if you could please tell me what page 3 of
10 that document represents?

11 A Page 3 represents the list of employees that -- by
12 category, and this is the exercise that's gone through
13 that's got -- that's supposed to represent then the numbers
14 that are on the EEO report itself.

15 Q Well, now, if you can, help me a little bit with
16 this because page reflects that the document is for
17 Pathfinder Communications Corporation.

18 A That's correct. This is --

19 Q And then if we look at page 2 --

20 A Excuse me. This is -- I forget how the production
21 document request came in, but this happens to be a copy of
22 the makeup for WTRC, BYT and WRBR, of the employees that
23 were included in this EEO report.

24 Now, I can tell you right now that if there are,
25 and I believe there are, inclusions of -- there are

1 inclusions of WRBR employees on this report, and that was
2 incorrect. That was an error. It should not have been and
3 they were never included in any years since 1994. That was
4 the first year. The person doing this -- the person that --
5 Dave Hayes' assistant's, should not have included the RBR
6 people, and she did. It wasn't reviewed. Therefore, they
7 got included. But not once thereafter were they included.

8 Q Well, along those lines, let's take a look at
9 Exhibit 120.

10 A Okay. Okay.

11 Q And if you could tell us what this represents?

12 A This represents the EEO report for the year after
13 that, filed on October 24, 1995, and again, it's the EEO
14 report for -- it's really Pathfinder Communication
15 Corporation, although it says --

16 Q Yes, the particular page 1 that I have shows that
17 there is typewritten on the top or close to the top,
18 "Corrected 4-3-96." That would be on page 1 of Exhibit 120?

19 A Yeah, I see that. I have no idea what it is.

20 Q All right, going to page 4, though.

21 A Right.

22 JUDGE CHACHKIN: Page 4 also contains RBR
23 employees, doesn't it?

24 THE WITNESS: Your Honor, if you'll notice the
25 little indication there to the left on occasion, do you see

1 where it says -- let's just take the first one under
2 "Professional/Males," G. Reese, announcer?

3 JUDGE CHACHKIN: Right.

4 THE WITNESS: WRBR. That little notation to the
5 left there says, "Not included in total." I know it's very
6 difficult to read, but that is -- it says "Not in total" is
7 really the words, "Not in total."

8 After 1994, the person who prepares this was
9 carefully -- was instructed not to include WRBR's 100
10 percent -- people that are charged 100 percent RBR should
11 not be in that report, and that's why they were excluded.
12 You will notice some reference to some others where if
13 someone was a shared employees, I guess they got included,
14 but that's what they were supposed to mean, is not include
15 it in total.

16 And I went back to the person when I saw this in
17 the production of documents, and made sure that the person
18 who did that -- that that I was reading that correctly.

19 JUDGE CHACHKIN: Well, was this forwarded to the
20 Commission?

21 THE WITNESS: No, Your Honor, this --

22 JUDGE CHACHKIN: The EEOC?

23 THE WITNESS: This is the EEOC. It's a annual
24 filing.

25 JUDGE CHACHKIN: These notations are afterwards.

1 They were put in recently, weren't they?

2 THE WITNESS: No. No, no, no. They were put in
3 at the time. At the time this was prepared this entire
4 employee list was put together by my department, my
5 assistant, to the best of her ability, breaking it down --
6 well, I don't know about this page, but most pages it comes
7 from us.

8 BY MR. SHOOK:

9 Q Well, if you look at pages 4 and 5, four has got
10 part time written on it, or typed on it; five has full time
11 typed on it.

12 A Right.

13 Q And I managed to get the pages transposed in terms
14 of pages 1 of 2 and 2 of 2, but I believe they are related.

15 A Yeah, they probably are.

16 Q And the document at the top reflects it is for the
17 payroll period ended 9-23-95.

18 A Right, and the reason I said my assistant would
19 prepare that because she would have to go through -- she did
20 an actual payroll and list all the people, try to categorize
21 them properly here. But then Dave Hayes sends this to the
22 general manager, and they go over it together, coming up
23 with the accuracy of it. It's his assistant who then
24 prepares for me the 369 report. That is her notations in
25 that 1995, that is his assistant's notation, "Not included

1 in total," meaning that it was excluded from the numbers
2 that went into Pathfinder or Federated Media's EEO report.

3 Again, the prior year that assistant had made an
4 error and included them, but thereafter they were excluded
5 as indicated by those notations.

6 JUDGE CHACHKIN: You mean the full-time employees
7 are excluded?

8 THE WITNESS: The full-time employees were
9 excluded. Not the part time, Your Honor. If you recall --

10 JUDGE CHACHKIN: And not the shared employee?

11 THE WITNESS: That's right, Your Honor. Because
12 of, again, going back to some previous testimony where in
13 the 395 report that is filed with the FCC, that -- those
14 shared employees were included on Pathfinder's at the advice
15 of counsel, and he had to have some procedure to do it, and
16 he told us to do it that way. This is consistent with that,
17 with that advice.

18 JUDGE CHACHKIN: Well, what was the purpose of
19 listing all the employees under the classification WPRC
20 WBYT, WRBR Radio, Elkhart, Indiana?

21 THE WITNESS: Well, because the payroll assistant,
22 payroll clerk that prepared this, she has nothing to do with
23 who is included in the report. She merely took the payroll
24 and included those individuals and listed them all. Then it
25 was up to -- and to the best of her ability described who

1 they worked for. But then it went to the general manager to
2 make sure that it was accurate. So that they took everybody
3 that was working at those locations. She took everyone and
4 put them down. It was up to someone else then to decide
5 whether they should be included or excluded from the report.

6 JUDGE CHACHKIN: In terms of the numbers?

7 THE WITNESS: In terms of -- yes, yes, yes, Your
8 Honor.

9 BY MR. SHOOK:

10 Q Just to make sure I'm reading this right, when we
11 look at page 5, the handwritten little notation in the upper
12 left where it says, "WRBR," then there is a hyphen or a
13 dash?

14 A Yes.

15 Q And it's something about "not"?

16 THE WITNESS: "Not in total" is what her
17 indication is.

18 Q All right. And so the people who would be
19 excluded then from the numbers that ultimately were
20 forwarded to the EEOC would include under the
21 "Professionals/Male," D. Thomton and J. Goldbach?

22 A That's what it really looked to me.

23 Q And under the "Sales/Male," it would be S. McByrde
24 and A. Williams?

25 A That is the way it appears to me, correct.

1 Q And for the female salespeople --

2 A I don't know why, but that was the attempt here.

3 Q All right.

4 A The attempt was to include people properly.

5 Q Okay, for the female salespeople, it would be M.
6 Covey, S. Dille and K. Worland?

7 A That is correct, and I -- yes, yes.

8 Q And then for part-time individuals, going to page
9 4, you would not be including G. Reese under
10 "Professionals/Male"?

11 A Correct.

12 Q Under "Professionals/Female," M. Des -- well, I
13 don't want to butcher her name.

14 A Whatever, or the other one either?

15 Q Oh, the other one does not? No, the other one
16 says TRC.

17 A Oh, does it.

18 I don't know, what's in that -- okay, excuse me.
19 You're right, you're right. Yeah, I think that's -- you're
20 reading it the way I would.

21 It was an attempt to exclude those people and be
22 consistent with the way the 385 was worded, I believe.

23 Q All right, let's turn to Exhibit 121.

24 A Okay. Is that a -- I have reviewed this report
25 and it appears to be for the year 1996.

1 A That's correct.

2 Q Now, if we could look on page 4 and 5.

3 A Yes, I see it.

4 Q What does page 5 represent?

5 A Well, in this year, Your Honor, they did segregate
6 them out rather than put them on the same page. And page 5,
7 the person preparing these tried to put WRBR's persons on a
8 separate page, and, in fact, that's what was done and those
9 were not included in the total EEO report numbers, page 5.
10 Apparently, everything on page 4 was would be my reading of
11 this.

12 Q And correct me if I'm wrong, but the way I see
13 this is that all of the salespeople that are listed under
14 WTRC and WBYT?

15 A Yes, they are in this one.

16 Q And that would be regardless of whether they sold
17 WRBR exclusively?

18 A Well, yeah, at this time it was certainly under
19 the -- under the joint sales venture.

20 Q Which had designated all sales employee as
21 Pathfinder employees?

22 A Yes.

23 Q Would you turn to Exhibit 122?

24 This appears to be the EEO report for the year
25 1997.

1 A Yes.

2 Q And am I reading this right that those persons who
3 were performing non-sales work only for WRBR appear to be
4 segregated out on page 6?

5 A That is the way I would read this, Jim.

6 MR. SHOOK: Your Honor, the Bureau offers Exhibits
7 119 through 122?

8 JUDGE CHACHKIN: Any objections?

9 MR. WERNER: Your Honor, Hicks Broadcasting
10 objects to each of these four exhibits on the grounds of
11 hearsay.

12 JUDGE CHACHKIN: Hearsay? What do you mean?

13 MR. WERNER: All of these documents are Pathfinder
14 documents, Your Honor. As to Hicks Broadcasting, they are
15 not Hicks Broadcasting documents. They are offered for
16 statements in these documents concerning Hicks Broadcasting
17 employees, and we believe they are offered for the truth of
18 the matters asserted. As to Hicks Broadcasting, all these
19 documents are hearsay.

20 JUDGE CHACHKIN: The objection is overruled. The
21 exhibits are received.

22 //

23 //

24 //

25 //

1 (The documents referred to,
2 having been previously marked
3 for identification as MMB
4 Exhibit No. s 119, 120, 121
5 and 122, were received into
6 evidence.)

7 BY MR. SHOOK:

8 Q Mr. Watson, we just have a couple of cleanup
9 matter and I think at least for my purposes I'll be finished
10 with you.

11 Could you please turn to Exhibit 123?

12 A Okay.

13 Q First of all, I think we have already discussed
14 the payment to John F. Dille IV that's reflected in the
15 middle check that appears on this page.

16 I'm just trying to find the document that verifies
17 that.

18 A I recall it, yes.

19 Q And these are checks that were -- these are checks
20 that were issued by yourself and Mr. Adelman?

21 A Yes, on behalf of Hicks Broadcasting, which is
22 indicated as stamped there. But, yes, they were issued on
23 behalf -- I don't get hung up on that. But yes, they were
24 issued on behalf of Hicks Broadcasting.

25 Q And that by and large, these were the repayments

1 of the \$35,000 that were loaned by each of the Dille
2 children to make that \$10,005,000 payment to Booth?

3 A Yes, sir.

4 MR. SHOOK: Your Honor, the Bureau offers Exhibit
5 123.

6 JUDGE CHACHKIN: Any objection?

7 MR. WERNER: No, Your Honor.

8 JUDGE CHACHKIN: Exhibit 123 is received.

9 (The document referred to,
10 having been previously marked
11 for identification as MMB
12 Exhibit No. 123, was received
13 into evidence.)

14 BY MR. SHOOK:

15 Q Mr. Watson, could you please turn to Exhibit 124?

16 A Yes.

17 Q First of all, could you take a look at page 2, and
18 if you could please identify the signature?

19 A Yes, that's my signature.

20 Q Now, what is Pathfinder -- why is Pathfinder
21 paying a WRBR regulatory fee?

22 A For the same reason I said I don't know how many
23 times in this proceeding, Pathfinder paid all of WRBR's
24 bills, and at the time it was paid a receivable was created.
25 At the moment it was paid it became a payable from Hicks to

1 Pathfinder. And at the moment this was paid it got charged
2 to WRBR. WRBR paid this.

3 MR. SHOOK: Your Honor, the Bureau offer Exhibit
4 124?

5 JUDGE CHACHKIN: Are there any objections?

6 MR. JOHNSON: None, Your Honor.

7 MR. WERNER: No, Your Honor.

8 JUDGE CHACHKIN: 124 is received.

9 (The document referred to,
10 having been previously marked
11 for identification as MMB
12 Exhibit No. 124, was received
13 into evidence.)

14 BY MR. SHOOK:

15 Q Please turn to Exhibit 125.

16 First of all, if you'd take a look at page 2, if
17 you could tell me what this form represents?

18 A This is the application for registering the
19 antenna for WRBR. This was the first time this application
20 was -- the registration of the antennas had to take place.

21 Q And is that your signature at the bottom?

22 A Yes, it is.

23 Q What did you understand that you were certifying
24 to?

25 A Well, let me explain it a little bit. I shouldn't

1 have signed this document. I think that -- I think we've
2 shown over and over again that I tried to have Dave Hicks
3 sign what documents he would be signing. I shouldn't have
4 signed it on behalf of Hicks. Let me explain what happened,
5 I think, though.

6 This was the first time that these registration of
7 that these antennas took place, the very first time. Hicks
8 and Pathfinder asked Irwin, Campbell & Tannenwald to help
9 prepare those registrations. That's Elizabeth Simms, Beth
10 Simms actually did the work on behalf of their firm. Got in
11 touch with the engineers of each respective station, making
12 sure that the application was filled out correctly, and then
13 sent them all to me to be signed.

14 Now, normally they are very careful about that.
15 They are very careful to send -- that pertain to Hicks, they
16 send it to Hicks, such as the regulatory fees that are due
17 each and every year, and those things go to Hicks, don't
18 come to me. This one came to me. It was the first -- I
19 don't know, Beth sent them to me along with all the other
20 registration fees that had to be signed, and it got signed
21 incorrectly. It was strictly an error.

22 Q So in terms of -- in terms of your signing here as
23 secretary-treasurer of Hicks, that would be an inappropriate
24 reading of this form?

25 A It was -- it's inappropriate, and it was not -- it

1 was in error. It was not meant to suggest anything
2 different that that. It shouldn't have been signed. It was
3 on a stack of things, that I should have been more careful,
4 and I believe Beth should have been a little more careful
5 not to send it to me for signing.

6 Q But jus to clarify, as of 9-30-97, you were not
7 the secretary-treasurer of Hicks Broadcasting?

8 A Nor have I ever been.

9 Q Now, do you know whether or not an amended form
10 has since been submitted?

11 A I don't -- I don't believe there has. It's
12 something that probably should be followed up on with
13 counsel to find out if it should be done, but I don't
14 believe it has been corrected. Maybe somebody could make a
15 note, and maybe I'll do that, somebody, so I'll have it in
16 writing.

17 MR. SHOOK: Your Honor, the Bureau offers Exhibit
18 125.

19 JUDGE CHACHKIN: Any objection?

20 MR. JOHNSON: No, Your Honor.

21 MR. WERNER: No, Your Honor.

22 BY MR. SHOOK:

23 Q Mr. Watson, please turn to Exhibit 126?

24 JUDGE CHACHKIN: The exhibit is received.

25 THE WITNESS: Okay.

1 (The document referred to,
2 having been previously marked
3 for identification as MMB
4 Exhibit No. 125, was received
5 into evidence.)

6 BY MR. SHOOK:

7 Q With respect to page 1, is that your "Okay"?

8 A Yes, it is.

9 Q And what is it that you okaying?

10 A Didn't we go through these before?

11 Q We went through some. We went through different
12 ones.

13 A Okay. I thought it was these.

14 It appears to be that I'm -- again, I'm approving
15 these bills for payment on an Irwin, Campbell & Crowe bill,
16 at that payment for Dave Hicks.

17 Q Could you turn to page 2?

18 A Um-hmm.

19 Q Is that your "Okay"?

20 A Yes, it is.

21 And I might add, these are reports to charged to
22 Hicks Broadcasting.

23 Q What is it that you're okaying?

24 A It's an attorney's bill for Irwin, Campbell &
25 Crowe firm.

1 Q Pages 3 and 4?

2 A This is also an attorney's bill.

3 Q And is that your "Okay" on the check?

4 A Yes.

5 Q And you're okaying --

6 A And I also, hopefully, charged WRBR.

7 Q Okay. And what is it that you're okaying?

8 A Well, I'm okaying an attorney's bill, but, again,
9 I might add on all of these, just -- there may or may not
10 have been some kind of a note attached to these from Dave
11 Hicks, or there may be a conversation that took place with
12 him, maybe not in the little ones, on these small amounts,
13 but I've got to believe that the more significant ones I
14 probably would have.

15 Q Well, along those lines, if you look at page 5?

16 A Okay.

17 A Perhaps you can tell me what this is?

18 A Well, this is one of the notes that I'm referring
19 to that Dave, and I might add one more thing. In addition
20 to my initials okaying these, these came from Dave Hicks.
21 They didn't come to my office. They came to Dave first.
22 Please note the address on them. So if they were sent on to
23 me, I would assume they were payment even if there wasn't a
24 note attached.

25 But in this particular case, there is a note from

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1 Dave, WRBR legal fees. And then he asks me, "Bob, please
2 let me know that you received this. Thanks."

3 Q But under the normal course, you would have told
4 him that, that you received it; is that --

5 A I doubt if I would have necessarily called him
6 right away to tell him, but I would have told him in my next
7 conversation with him.

8 Q All right, now, with respect to page 6 and 7, we
9 don't have any "okay." Perhaps you can tell me what the
10 handwriting here means on page 6.

11 A Well, it shouldn't have got paid, first of all.

12 Q Well --

13 A Without the okay, without my initials on it.

14 Q Well, we may find out later on that this bill
15 didn't get paid much to --

16 A I think I -- I think Steve or I would have heard
17 about it by now.

18 Okay, the insignia line through it like that, by
19 the way, does indicate that it got paid, because when the
20 check comes off and its match with the remittance advice,
21 that line goes through so that it's not paid again.

22 And, you're right, I don't see any initials that I
23 approve this. But that is my -- I might mention that is my
24 writing. Occasionally that happens where I -- I mean, here
25 I put down the account number and forgot to put my initials

1 on it. Account payable clerk should have come back and said
2 put your initials here. Okay?

3 Q Turn to page 8.

4 A Yes.

5 Q Is that "Okay" from you?

6 A Yes, and all of these were properly charged to
7 Hicks.

8 Q Now, turning to page 9.

9 A Okay.

10 Q Did you basically engage in the same process for
11 determining when a legal bill should be paid that was sent
12 to Federated Media as one that should be paid that was sent
13 to Mr. Hicks?

14 A No. No. Normally, I would have discussed
15 something like that with Dave. Now, I don't know if I
16 discussed this one, to be honest with you. I don't know.

17 Q Well, this one says it's the -- the invoice was
18 submitted to Federated Media.

19 A Right.

20 Q And the account, least from the Campbell law firm,
21 was for general legal work.

22 A Right.

23 Q Now, according to the bill, it reflects a call to
24 J. Dille re WRBR litigation.

25 A Um-hmm.

1 Q And then there is an "Okay" there. Is that okay
2 from you?

3 A Yeah, that's my "Okay," and that's also my
4 assignment of the account number, but I think I have
5 assigned it to wrong account number there. I don't think
6 that this -- I'm not sure what this was for at the moment.
7 I mean, it's 1995. But on the surface looking at it right
8 now it appears that maybe I had assigned the wrong account
9 number to it, and I was pretty -- look over all these bills,
10 I was pretty doggone careful in trying to get it to the
11 right entity. This one may not have got put into the right
12 account.

13 Q Turning to page 11.

14 A Yes.

15 Q Can you explain the significance of the
16 handwritten note at the bottom?

17 A I think Dave was telling me -- he's not really
18 approving anything. He's just pointing out there is a
19 credit balance here. So he's not really approving any
20 payment, nor was any payment made.

21 Q Page 12 and 13 go together.

22 A Right. This is the -- again, it's an attorney's
23 bill. It's been paid with Dave's approval on page three and
24 charged to WRBR.

25 Q Okay, so on this one he specifically wrote in his

1 approval?

2 A He did on this one. Not that he didn't on some of
3 the other -- on any of the other ones either. Well, we've
4 talked about some of them.

5 Q Pages 14 and 15?

6 A Yes.

7 Q That's your "Okay" on page 14 and --

8 A That's my "Okay," so that accounts payable would
9 pay it.

10 Q And on page 15 we have?

11 A Dave's approval.

12 Q Pages 16 and 17?

13 A Basically, the same thing, different month, and
14 Dave's approval is on page 17; properly charged to WRBR.

15 Q Dave's approval and your "Okay"?

16 A My "Okay" so that accounts payable will pay it.
17 Accounts payable won't pay an attorney bill, they shouldn't
18 pay an attorney bill, excuse me, without my squiggle. It's
19 just a procedure I've set up for them, and I don't exclude
20 any attorney bills from it.

21 Q Pages 18 and 19?

22 A Yes.

23 Q What do we have here?

24 A We have an attorney's bill for another month of
25 services. Dave says "For HBI," Hicks Broadcasting of

1 Indiana, WRBR, Dave Hicks, and my squiggle and properly
2 charged to RBR.

3 Q Pages 20 and 21?

4 A These appear to be similar bills for services,
5 Dave's indication of approval.

6 Q Actually, if I'm reading the note on page 20, it
7 might even be more than that.

8 A Well, I'm not quite sure I can read it at the
9 moment. Let's see here. "It appears that payment on past
10 invoices has fallen through the cracks. They need to be
11 brought up to date. Thanks. Dave."

12 Well, I previously testified that I just generally
13 assigned the date on which these are going to be paid, and
14 on attorney's bills, not all attorney's, but certainly some
15 that I know can be delayed in payment without them
16 squawking, they do get late. So he -- this had just been an
17 accounting decision on when to pay the bill, not to pay it
18 or not.

19 Q Pages 22 and 23?

20 A Yes, this is another bill that's been approved by
21 Dave for payment and charged to WRBR.

22 Q Pages 24 and 25?

23 A This is also another bill that's been approved for
24 payment and charged to -- oh, yeah. This one was charged
25 incorrectly to Pathfinder. And in fact a reclass entry of

1 this amount has been made to Hicks Broadcasting, in which
2 case they will reimburse Hicks for this because it was
3 incorrectly charged. It's the wrong account number on it.

4 Q Now, where do you see that?

5 A Well, you see on page 25, you see the 59495?

6 Q Yes.

7 A Okay. I have researched a little bit on this one
8 because I saw that one when we were producing the document
9 and I said, "Well, why did this -- how in the heck did this
10 get charged to 54959," which is a Pathfinder. Even though
11 it has my squiggle on it, that is not my writing on the
12 account number. And you can go back and you can look at all
13 of these that do have my writing, you will see that that
14 writing is much different than my writing for an account
15 number. I normally put my approval on them and the account
16 number.

17 This one obviously, and I talked to the accounts
18 payable clerk who agrees that this is what happened, it went
19 to them without my approval -- excuse me. My approval was
20 on it but not the account number. For some reason, and I
21 don't know why, accounts payable assigned that account
22 number to it. That is not my writing. I would never have
23 assigned Pathfinder's account for this bill, particularly
24 when you look at see what the bill is, for a \$900 FCC filing
25 fee. This wouldn't have happened by me. It would not have

1 happened.

2 So anyway, that -- apparently that got put into
3 that account by accounts payable. A reclass has been made
4 to charge WRBR for that.

5 Q Pages 26 and 27?

6 A This is a bill that -- okay, it's not to Hicks
7 Broadcasting but you notice it's to WCUZ-AM and FM, and
8 apparently there is a charge on here for -- for some reasons
9 the attorney's put the charge for apparently drafting that
10 amendment to the joint venture on here. That appears to be
11 that 12-21 entry, and there is a couple more that appear to
12 be relating to that.

13 On page 27, Dave, of course, upon looking at this
14 bill noticed it also and he said that obviously that charge
15 should relate to Pathfinder and Hicks, and he indicates
16 there that those charges related to that service should be
17 split between BYT and RBR, not charged to CUZ. So he, and
18 then my distribution on page 26 reflects his -- what he had
19 said on page 27, and his approval is on it.

20 Q Pages 28 and 29?

21 A This appears to be a bill for services provided
22 with Dave's approval on page 29, and my "Okay" so that
23 payables would play it on page 28, and charged to WRBR.

24 Q That's what the 03-35-9500 represents?

25 A Yes. In November 1997, the accounting system that

1 was used for accounts for Hicks Broadcasting was changed,
2 and that is a -- a new chart of accounts was set up, and
3 that is a new of accounts. But you will notice the first
4 two digits are 03 because that's still the company code, 03,
5 which was the same as the previous chart of accounts.

6 Q Pages 30 and 31?

7 A Yes, this is another attorney bill for services
8 with Dave's approval on page 31 and my squiggle so that
9 payable would pay it on 31; charged to -- again charged to
10 WRBR.

11 MR. SHOOK: The Bureau offers Exhibit 126?

12 JUDGE CHACHKIN: Any objection?

13 MR. WERNER: No, Your Honor.

14 MR. JOHNSON: No objection, Your Honor.

15 JUDGE CHACHKIN: The exhibit is received.

16 (The document referred to,
17 having been previously marked
18 for identification as MMB
19 Exhibit No. 126, was received
20 into evidence.)

21 JUDGE CHACHKIN: We'll be in recess till 2:00.

22 (Whereupon, at 12:45 p.m., the hearing was
23 recessed, to resume at 2:00 p.m., this same day, Monday,
24 October 26, 1998.)

25 //

A F T E R N O O N S E S S I O N

(2:00 p.m.)

JUDGE CHACHKIN: Back on the record.

MR. SHOOK: Your Honor, this is more in the nature of cleanup and I will need Mr. Watson perhaps to verify a few things, but not much more.

Whereupon,

ROBERT A WATSON

having been previously duly sworn, was recalled as a witness herein, and was examined and testified further as follows:

MR. SHOOK: Previously we had offered and I believe received into evidence Exhibit 107, which related to a legal bill from the law firm that Mr. Eric Brown works for, and the larger bill on which that was based in Mass Media Bureau Exhibit 18, which I believe we had not previously offered into evidence, and which we do so now.

JUDGE CHACHKIN: Which was that? What are we up to now?

MR. SHOOK: Number 18.

JUDGE CHACHKIN: Any objection?

MR. JOHNSON: No, Your Honor.

JUDGE CHACHKIN: Eighteen is received.

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1 (The document referred to,
2 having been previously marked
3 for identification as MMB
4 Exhibit No. 18, was received
5 into evidence.)

6 DIRECT EXAMINATION (Resumes)

7 BY MR. SHOOK:

8 Q Mr. Watson, this in the second volume of our
9 exhibits, Mass Media Bureau Exhibit No. 26.

10 Now, the Robert Watson there twice is yourself, is
11 it not, in the body --

12 A Yes.

13 Q -- of the letter?

14 A Yes, it is.

15 Q And you would have had contact during this period
16 of time with both Mr. Brown and Ms. Houdelin?

17 A Yes, I would have. I've indicated before, I was a
18 point of coordination for a lot of these documents related
19 to this transaction on behalf of the children.

20 MR. SHOOK: Your Honor, the Bureau offers Exhibit
21 26?

22 JUDGE CHACHKIN: Any objection?

23 MR. JOHNSON: None, Your Honor.

24 JUDGE CHACHKIN: Twenty-six is received.

25 //

1 (The document referred to,
2 having been previously marked
3 for identification as MMB
4 Exhibit No. 26, was received
5 into evidence.)

6 BY MR. SHOOK:

7 Q Now, Mr. Watson, could you please turn to Exhibit
8 47, page 9?

9 We previously had some testimony about this. My
10 basic question is to confirm that in March of 1994 you had
11 been dealing with Mr. Thompson of Barnes & Thornberg
12 relative to having documents prepared to form Hicks
13 Broadcasting of Indiana LLC?

14 A Yes, I was dealing with Sam regarding the
15 formation of the LLC on behalf of Hicks. Dave Hicks had
16 asked me to talk to the Indiana counsel regarding this.

17 MR. SHOOK: Your Honor, at this time with respect
18 to Exhibit 47, the Bureau is going to limit its offer to
19 page 9.

20 JUDGE CHACHKIN: Any objection to page 9?

21 MR. JOHNSON: None, Your Honor .

22 JUDGE CHACHKIN: Bureau Exhibit 47, page 9,
23 Pathfinders received.

24 //

25 //

1 (The document referred to,
2 having been previously marked
3 for identification as MMB
4 Exhibit No. 47, page 9 was
5 received into evidence.)

6 BY MR. SHOOK:

7 Q Could you please turn to Exhibit 59, Mr. Watson?

8 A Okay.

9 Q And if I recall, correctly you had testified that
10 you are the custodian of the official, or of a file of
11 documents for Hicks Broadcasting of Indiana LLC?

12 A Yes, I keep all the books and records for Hicks
13 Broadcasting, LLC.

14 Q And do you recognize the documents that appear on
15 page 1, 2 and 3 of Exhibit --

16 A Yes, I do.

17 Q -- 59?

18 A I believe I do.

19 Q And --

20 A I mean, yes, I do.

21 Q -- these are documents that you maintain or copies
22 of document that you maintain?

23 A I maintain them on behalf of Hicks Broadcasting,
24 LLC, at Dave Hicks' request and in accordance with the
25 accounting agreement, the service agreement.

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1 MR. SHOOK: Your Honor, the Bureau offers Exhibit
2 59.

3 JUDGE CHACHKIN: Any objections?

4 MR. JOHNSON: None, Your Honor.

5 JUDGE CHACHKIN: Fifty-nine is received.

6 (The document referred to,
7 having been previously marked
8 for identification as MMB
9 Exhibit No. 59, was received
10 into evidence.)

11 BY MR. SHOOK:

12 Q Mr. Mr. Watson, this will be in the third volume
13 now. What I would like you to turn to Exhibit 89, beginning
14 with page 6.

15 First of all, do you know who Vincent Turner, Jr.
16 is?

17 A Yes.

18 Q And what is it that you know?

19 A Well, he is the -- presently, he's the ex-sports
20 director at WTRC Radio. He no longer works there.

21 Q And had he performed services for radio stations
22 in addition to WTRC in the Elkhart, South Bend area?

23 A I believe that he had, and at some point he was --
24 his services were shared by WTRC, BYT and WRBR.

25 Q Is it your recollection that throughout that

1 entire period he remained a Pathfinder employee?

2 A Yes. Yes.

3 Q Now, could you please turn to page 8?

4 A Okay.

5 Q Do you recognize any of the initials at the bottom
6 of the page?

7 A Yes. I recognize Eileen Durand, of the MED, Mary
8 Eileen Durand. That's my assistant. I don't know why her
9 initials are on it. She may have been doing something for
10 the payroll clerk. And the other initials are Tony Adelman.
11 My initials aren't there.

12 Q All right. And do you recognize the handwriting
13 of the person who wrote on this document?

14 A I believe that this is the hand -- I'm almost
15 certain that this is the handwriting of Tony Adelman. I
16 just believe that I do recognize it.

17 I might mention that he would have gotten his
18 direction, though, from Steve Kline as to how to split this.
19 It would not have been Tony's decision, I can assume you.
20 He is merely doing the paperwork here.

21 Q Okay. Would it have been just as likely that he
22 would have received his direction from Richard Rhodes?

23 A I don't know who he would have received his
24 direction, but it would have been with the approval of
25 Steven Kline, no doubt about it.